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C O N F I D E N T I A L SECTION 01 OF 04 BANGKOK 001819

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E.O. 12958: DECL: 03/11/2015

TAGS: [PGOV](#) [PREL](#) [TH](#)

SUBJECT: THAILAND: THAKSIN'S NEW CABINET FAMILIAR, BUT WITH SOME SURPRISES

Classified By: Political Counselor Robert Clarke. Reason: 1.4 (d)

1. (C) Summary: Prime Minister Thaksin unveiled the first cabinet lineup in his new administration on March 11. Many faces are familiar, but there were some surprises. This cabinet may only last until next June. If the list is approved by the King (as is likely), Foreign Minister Surikiart Sathirachai will be kicked upstairs to a Deputy Prime Minister position and replaced at MFA by Dr. Kanthathée Suphamongkol, the relatively unknown Thai Trade Representative to the Americas, Europe, Australia and New Zealand. As expected, Finance Minister Somkid Jaturapitak will retain the Finance portfolio but with the additional authority of serving concurrently as a Deputy Prime Minister. Deputy Police Chief Chidchai Wannasathit will be elevated to Interior Minister and will also serve as a Deputy Prime Minister. General Thammarak Isaragkura na Ayudhaya will become Defense Minister again as General Sumphon Boonyanan, the incumbent, leaves the cabinet. In a switch she resisted (despite it being widely regarded as a promotion), Ms. Sudarat Keyuraphan, the Public Health Minister and Thai Rak Thai (TRT) Bangkok faction leader, will become Agriculture Minister, probably charged with cleaning it up. Commerce Minister Watana Muangsook, who had been strongly rumored to be out, will move to the Industry Ministry. He will be replaced at Commerce by Thanong Bidaya, a former banker, finance minister, and major TRT financier who is Thaksin's personal financial advisor.

2. (C) Among other nominees, Education Minister Adisai Bhodaramik is slated to retain his job (which is not being received well by the academic community), as is Transport Minister Suriya Junggrongreangkit (who is TRT secretary-general). Other ministers are merely being

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reshuffled within the cabinet. Labor Minister Uraiwan Thienthong, the spouse of powerful TRT faction leader Sanoh Thienthong, will take over the Social Development and Human Security Ministry. Uraiwan is exchanging ministerial responsibilities with Sora-at Klinpratoom, who will take the helm at the Labor Ministry. Deputy Prime Minister and TRT Chart Pattana faction leader Suwat Liptapanlop is slated to replace Pongthep Thepkanjana as Justice Minister. Somsak Thepsuthin, now a Deputy Prime Minister, will become Tourism and Sports Minister. Deputy Interior Minister Pracha Maleenont will become Culture Minister.

3. (SBU) First-time cabinet members include Natural Resources and Environment Minister Yongyuth Tiyaipairat and Suranand Vejajjiva, who will fill a re-opened cabinet slot as Minister of the Prime Minister's Office. Other Ministerial appointments forwarded to the King include former Petroleum Authority of Thailand executive Wiset Jupiban for the Energy Ministry, and Suvit Khunkitti for the Information and Technology Ministry. The other Deputy Prime Ministers -- besides (soon-to-be former) Foreign Minister Surikiart, retained Finance Minister Somkid and new Interior Minister Chidchai -- will be Visanu Kruengarm, Chaturon Chaisaeng and Phinij Jarusombat, all holdovers.

4. (SBU) Familiar ministers who will not be returning to the cabinet are Deputy Prime Minister Chavalit Yongchaiyut, who claims to be retiring (but recently hinted at a Senate run in 2006) and Agriculture Minister Wan Mohammed Nur Matha. Wan Nur is clearly tagged with responsibility for the TRT's electoral debacle last month in his supposed stronghold in the majority Muslim southern border provinces. Deputy Prime Minister Purachai Piumsomkun (long regarded as one of the "cleanest" ministers), Science Minister Korn Dabbaransi, Justice Minister Pongthep Thepkanjana, and Information and Communications Technology Minister Surapong Suebwonglee are also missing from the new cabinet. The two Chart Thai Party ministers from the last "coalition" cabinet, Sontaya Kunplome (Tourism and Sports) and Anurak Jureemas (Culture) have also been removed, as has Energy Minister Prommin Lertsuridej, who may yet get an important non-cabinet post. Thumbnail sketches on some major ministers begin at para 5. End Summary.

FOREIGN AFFAIRS: KANTHATHEE AS FM A PLEASANT SURPRISE;
PREECHA AS DEPUTY, A REWARD

5. (C) Kanthathée Suphamongkol's surprise appointment was immediately well-received at the Ministry of Foreign Affairs

(MFA); several sources have told us that the atmosphere at the Ministry is already more "relaxed." Kanthathree is a former foreign service officer who retired at Counselor rank, cutting short a nine year diplomatic career. His assignments included a stint with the Thai mission to the UN and as head of the MFA's Policy Planning department, where he gained experience in thinking about the MFA and Thai foreign policy in big picture terms. Kanthathree entered politics as one of the original founders of TRT and is still close to Thaksin. He was also close to former Phalang Dharma founder Chamlong Srimuang. Kanthathree received all his higher education in the United States: a B.A. in Political Science from UCLA, an M.A. in International Studies from American University, and a Ph.D in International Relations from USC. He is regarded as sharp and ambitious, but straight-forward and friendly to the U.S.

16. (C) Some are attributing Surakiart's ouster as foreign minister to his penchant for dropping the prime minister's name too often in routine conduct of his job and to widespread discontent among the professional diplomatic corps with his autocratic ways in dealing with them. Others say that Kanthathree just convinced Thaksin that it was his time. Surakiart stays in the cabinet as Deputy Prime Minister and, apparently, as Thailand's candidate to become UN Secretary General.

17. (C) In contrast to Kanthathree, Preecha Laohapongchana, the named Deputy Foreign Minister (a new position for the Thaksin administration), has no foreign affairs experience. He is a businessman, politician, and TRT party deputy leader who has twice served as Deputy Industry Minister (in 1997 and 1998-99). Preecha was elected as a Chart Thai Party member of Parliament (MP) from Ubon Ratchathani in the 1980's and 90's. He defected to the TRT in 2001 and was elected as a TRT party list MP that year. Preecha is believed to be a major financier of the TRT. An MFA contact characterized his latest appointment as a political "reward."

DEPUTY PRIME MINISTER AND FINANCE MINISTER - SOMKID JATURIPITAK

18. (C) It is an open secret that Somkid Jaturipitak badly wanted to leave behind the finance portfolio and the operational and implementation demands of that job and become "economic czar" of Thailand, overseeing economic strategy as Deputy PM. Apparently unable to find anyone suitable to immediately take on the critical Finance position (see below), Somkid has agreed to remain as Minister in addition to Deputy PM by creating additional Deputy Finance ministers who will act as "chief operating officers," implementing the policies that Somkid and the PM hand down. Deputy Finance Minister Varathep was said to be a favorite candidate to become minister but was 1) considered too young and 2) considered too close to the PM's sister - an important member of TRT and businesswoman. Somkid is probably Thaksin's closest economic advisor.

MINISTER OF DEFENSE - GENERAL THAMMARAK ISRANGKURA NA AYUTAYA

19. (SBU) Gen. Thammarak's reappointment as Minister of Defense owes a great deal to his success -- as chairman of the TRT election campaign in the Northeast -- in delivering 126 TRT candidates to the Parliament. His campaign strategy was believed to play a pivotal role in this latest Thaksin electoral success as it did in the 2001 election. Thammarak was one of the 25 co-founders of the TRT, and has taken an active role in the party's political activities and strategies. Gen. Thammarak was elected as a party-list MP in the January 6, 2001 election. After that election he was appointed Minister attached to the PM's Office, and was promoted to be Minister of Defense in October 2002. He was switched to a Deputy Prime Minister slot in March 2004 and was removed from the cabinet in October in order to free him up to exercise his considerable skills as a political operative.

MINISTER OF INDUSTRY - MR. WATANA MUANGSOOK

10. (C) Speculation abounds as to why Watana was moved from Commerce minister over to the Ministry of Industry. Many observers consider that his performance at Commerce was mediocre and expected him to be dropped from the cabinet. He was also caught up in some scandal allegations that he provided favors to the Charoen Pokphand (CP) Group of companies, which is owned and run by people to whom he has a family connection. A common explanation for Watana's survival is that Thaksin wanted to keep him as a minister because of the PM's own close relationship with CP. Watana previously served in the Prime Minister's office. By shuffling Watana's portfolios, the PM manages to maintain this corporate connection while deflecting public attention from Watana's actual record. Watana is also recognized as an effective money-raiser for TRT.

JUSTICE MINISTRY A "REWARD" FOR TRT FACTION LEADER SUWAT

11. (C) Suwat Liptapanlop is former leader of the previous TRT government's erstwhile coalition partner Chart Pattana Party (also CP). Since bringing the CP party into the TRT last year, Suwat has enjoyed a growing influence in TRT as head of his former CP members' faction and as Deputy Prime Minister. The Justice Ministry is a big political payoff for Suwat. Suwat will be an important interlocutor with the U.S. on issues such as human rights, good governance and democracy. As a powerful political player Suwat can be expected to exercise a considerable degree of personal leeway in running the ministry. The Justice Ministry oversees law enforcement, including probation, rights and liberties protection, the Special Investigation Department, forensic investigation, narcotics suppression and immigration.

DEPUTY POLICE CHIEF CHIDCHAI TAKES OVER POWERFUL INTERIOR MINISTRY AND DPM SPOT

12. (C) Once approved by the King on March 11, Deputy Police Chief Chidchai Wannasathit will head Interior, one of the RTG's "power ministries," and become a Deputy Prime Minister. He is reportedly very close to the Thaksin, with a past of obliging him on carrying out "dirty" activities. Their association dates from the time they studied together at the Police Cadet Academy and later when they pursued their studies in the US together. As Minister, Chidchai will oversee all 75 provincial administrations (save for Bangkok) including all provincial governors, district chiefs and local officials. The ministry oversees community development, land planning, disaster prevention, public works and local administration.

COMMERCE MINISTER - DR. THANONG BIDAYA

13. (C) A longtime banker and academic with advanced degrees in economics and management from Northwestern, Dr. Thanong was most recently Chairman of Thai Airways. He was Minister of Finance during the Chavalit government when the RTG devalued the Baht, giving him a popular image of being weak in the face of the IMF. According to street talk, he tipped off Thaksin about the devaluation, which saved Thaksin millions while others lost their shirt in the Asian financial crisis. Thanong is believed to have been a generous banker when Thaksin was starting out in business. He has essentially functioned as Thaksin's personal financial advisor since then. Rumors are already circulating that Thanong will act as Commerce minister for a period long enough to rebuild the public's faith in him and then be named Finance minister. Aside from the personal connections, Thaksin is said to have considerable confidence in Thanong's abilities, considering him a "Mr. Fix-it". Thanong was made President of Thai Military Bank during a period when the bank had liquidity problems, and the PM's family later bought shares. He was appointed by the PM as Chairman of the National Economic and Social Development Board early in the first Thaksin administration following criticism from this government think-tank of Thaksin's economic policies.

MINISTER OF TRANSPORT - SURIYA JUNGRUNGREANGIT

14. (SBU) Suriya Jungrungreangit, another Thaksin loyalist, is a major party financier and the TRT Secretary-General. His rise to this important party leadership position in January 2002 came as a surprise, and was attributed to his relatively neutral status among factions in the TRT party. Suriya joined the newly-formed TRT party in August 2000 and has been a party insider since. He ran in the January 2001 election as a TRT Party List candidate, and was elected. He was subsequently selected by PM Thaksin as Industry Minister and then, in the October 2002 cabinet reshuffle, was given a new portfolio as Minister of Transportation. In the February 2005 election, Suriya contested again as a TRT Party List candidate, was re-elected, and will stay in charge of the transport portfolio.

MINISTER OF NATURAL RESOURCES AND ENVIRONMENT - MR. YONGYUTH TIYAPAIRAT

15. (SBU) Yongyuth Tiyapairat, a first time minister coming in as Minister of Natural Resources and Environment, is a Thai Rak Thai party list MP. Like the Prime Minister, he comes from the northern part of Thailand, the area around Chiang Rai, and is considered one of the closest political advisors to Thaksin. Yongyuth served as Government Spokesman for the first half of Thaksin's first administration and as the PM's secretary-general for the second half. Attentive observers believe Yongyuth's elevation to a ministry is a result of his electoral efforts this past year that resulted in Thai Rak Thai winning all eight seats in Chiang Rai and three seats in Phayao districts. His particular environmental interests include forest conservation, addressing illegal logging and conserving water resources.

AGRICULTURE MINISTER SUDARAT - AN UNWILLING APPOINTEE?

16. (C) Agriculture Minister Sudarat Keyuraphan was reported by some of the media on March 11 to be disappointed that she will not remain at the Ministry of Public Health (MOPH), even though Agriculture is considered by most to be a more important ministry. Sudarat has no real agriculture background but has supposedly been chosen because Thaksin needs someone he can trust in this scandal-ridden portfolio. He insisted that she take the job. Sudarat, a TRT faction leader (in Bangkok) in her own right, is the polite, smart face of TRT. Under her ministership, the MOPH had a good and open relationship with the USG. Hopefully, Sudarat will bring a fresh awareness of the need for transparency and dialogue with Thailand's trading partners to the Agriculture Ministry. Sudarat has had experience in her former Ministry of Public Health portfolio in dealing with institutional corruption somewhat effectively, but the Ministry of Agriculture is a bigger portfolio in terms of money and power, and has a long history as a playpen for the venal. An immediate question is how well she will work with her Deputy, Newin Chidchob. Newin has been almost continually involved in scandals, and as a political operative been accused of vote buying and worse, including in the recent general elections. Newin's bad reputation, plus his generally abrasive personality, could quickly lead to tensions between the two.

ADISAI STAYS AS EDUCATION MINISTER

14. (C) Many academics and educators are disappointed with the retention of Adisai Bhodaramik as Education Minister. They regarded him as not being interested in this portfolio and slow to make decisions, even those necessary for the day-to-day running of the ministry. His selection is particularly unfortunate as Thailand in general badly needs comprehensive educational reform, and revision of the curriculum in the South in particular has taken on special urgency. The choice of Adisai seems at odds with Thaksin's recent declaration that overall education reform will highlight his second term. The bright spot at Education is the naming of Rung Kaewdaeng, a well-known and respected educator, as Adisai's deputy.

LONGTIME TRT SPOKESPERSON GETS MINISTRY OF THE PRIME MINISTER'S OFFICE

15. (C) Suranand Vejajjiva has been Thaksin's principal spokesperson and flak catcher over the past several years. He has been handed another difficult job. Suranand told the Embassy on March 11 that he has been asked by Thaksin to be in charge of the "human rights issue" as the Minister of the Office of the Prime Minister. This could involve the public relations savvy and very glib Suranand putting the best face on bad human rights policies. On the plus side, Suranand is close to Thaksin and has been a regular contact of the Embassy. He could prove to be a good channel to the PM on our human rights concerns. Suranand, who is a cousin of opposition Democrat Party (DP) Leader Abhisit Vejajjiva, was considered too junior for a Deputy Prime Minister position so the Minister of the Prime Minister's Office, previously abolished in the wake of state sector reforms, was "recreated" for him.

BOYCE